



**USDA
NEBRASKA**





Tom Vilsack
Secretary of Agriculture



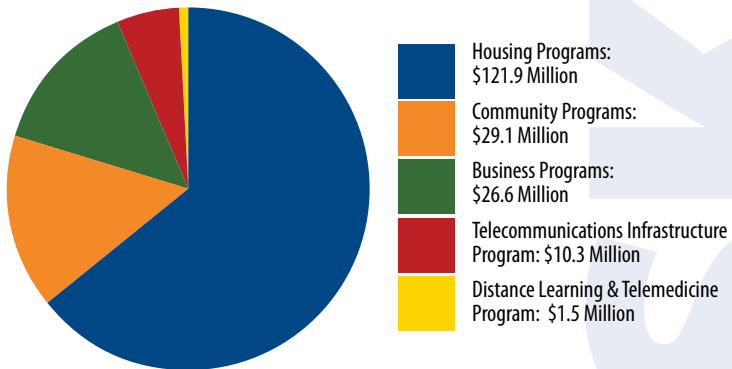
Dallas Tonsager
*USDA Rural Development
Under Secretary*



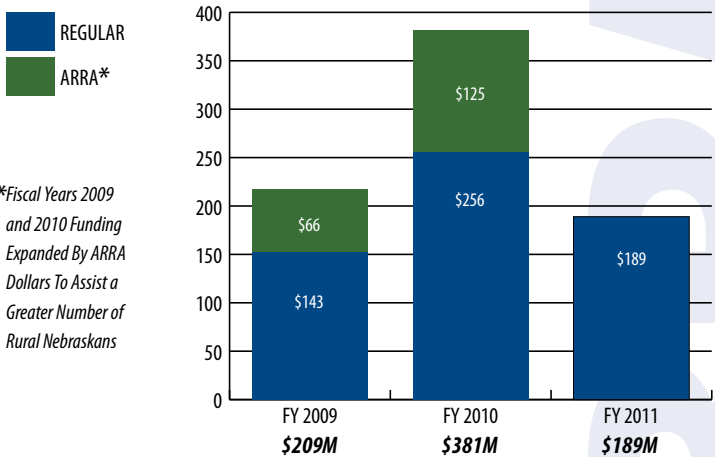
Maxine Moul
*USDA Rural Development
State Director in Nebraska*

USDA Rural Development Investment in Rural Nebraska in Fiscal Year 2011 is more than \$189 Million

We invest in housing, business, community facilities, broadband and telecommunications to bring a greater quality of life to rural residents.



Leveraging of federal, state and local resources allowed for a greater number of rural Nebraska residents and communities to be served.



American Recovery and Reinvestment Act (ARRA) dollars totaling nearly \$191 million were delivered in Fiscal Years 2009 and 2010 to benefit rural Nebraska.

Funds were delivered through:

Housing Programs	\$62.8 Million
Business Programs	\$59.2 Million
Community Programs	\$57.4 Million
Broadband	\$11.3 Million



Nebraska Communities, Businesses, Citizens Receive \$189 Million in 2011 Investments

USDA Rural Development is proud to be a partner with rural Nebraska, in efforts to increase energy efficiency, provide affordable housing to its citizens, improve community facilities like hospitals, libraries, community centers and emergency services, and help businesses grow and thrive as they provide essential jobs for our rural residents.

During the 2011 federal fiscal year, completed on September 30, investments from our 42 programs totaled \$189 million. Added to the 2009 and 2010 funding, including dollars from the American Recovery and Reinvestment Act, rural Nebraska has received \$779 million in three years.

We have 67 staff members located in four offices and sub-offices across the state. Their essential work in the counties in their areas help provide loans, grants or loan guarantees for community facilities, water and waste disposal, broadband, housing and business and industry. Those staff members work with local lenders and leaders, staff from local, state and federal agencies and non-profit organizations, to leverage the taxpayer dollars that fund USDA Rural Development.

But the work of our staff is not done once a loan or grant is awarded. They continue to work with the recipients through the life of the project, monitoring construction, loan repayments and project activities. The \$779 million in funding during the past three years means our staff members are in contact with hundreds of projects in dozens of communities in Nebraska.

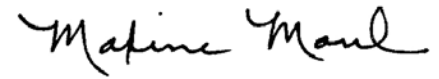
USDA Rural Development became a separate agency in 1996. Since that time, nearly \$2 billion has been invested in rural Nebraska. Of that, \$1.025 billion is still under management by our staff. Loans and loan guarantees can be up to 40 years, depending on the useful life of the project.

One of the new efforts of USDA funding in the last year has been to support the expansion of flexible fuel pumps in Nebraska. The U.S. has a national security goal of producing 36 billion gallons of biofuels per year by 2022. To meet this goal, fuels with ethanol content higher than E10 must be made available for use in flexible fuel vehicles. USDA Rural Development established an initiative to provide financing through the Rural Energy for America Program. Rural small businesses and agriculture producers now have access to grants and loan guarantees for the purchase and installation of flexible fuel pumps.

We have partnered with the Nebraska Ethanol Board, the Nebraska Corn Board and others to provide education and assistance to retail fuel stations to spur economic growth in flex fuels. During Fiscal Year 2011, more than 80 inquiries were made by USDA staff to retail fuel stations across Nebraska to provide flexible fuel education. We were pleased to receive and fund two applications totaling \$418,632. NCP Fuel Services, LLC will construct a new facility in Cambridge, offering three pumps dispensing blends of biodiesel fuel and four pumps dispensing blends of ethanol fuel. Dennis Campbell, dba Paxton Pit Stop, will install one flexible fuel pump offering ethanol blends at an existing facility in Paxton.

This 2011 Annual Report highlights the projects and programs funded in Nebraska through the appropriations approved by Congress. We will continue our efforts in the future to assist rural residents, help businesses create jobs, and support the improvement of community facilities.

Sincerely,



Maxine B. Moul
Nebraska State Director



Community Facilities & Utilities Programs

Community Facilities Programs help rural Nebraska communities and individuals by providing loans, loan guarantees and grants for community facilities. We provide funding for childcare centers, fire and police stations, hospitals, libraries, nursing homes, schools, and much more.

Utility Programs work to provide reliable and affordable water, waste treatment, electric power and telecommunications services that can help rural areas of Nebraska to expand economic opportunities and improve the quality of life for rural residents.

PROGRAM HIGHLIGHTS...

- Nebraska's investment in community facilities this year benefited 18 communities through \$12 million for projects such as libraries, public safety, community/senior centers, and health facilities.
- Funding of \$16.8 million assisted 17 communities and 3,367 households with their water and wastewater needs.

Community Facility Guaranteed Loan	\$2,795,000
Community Facilities Direct Loan	\$9,009,000
Community Facilities Grant	\$140,850
Economic Impact Initiative Grant	\$85,300
Rural Community Development Initiative	\$299,976
Water and Environmental Loan	\$11,500,000
Water and Environmental Grant	\$5,280,000
Total Community Programs	\$29,110,126

USDA Rural Utilities Loan Program

The Telecommunications Infrastructure Loan Program makes long-term direct and guaranteed loans to qualified rural Nebraska organizations for the purpose of financing the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems to furnish and improve telecommunications service in rural areas.

PROGRAM HIGHLIGHTS...

- Hemingford Cooperative Telephone Co., received a nearly \$10.3 million Telecommunications Infrastructure Loan that will provide residents with broadband service and new opportunities for economic development. The loan will allow the company to upgrade their entire exchange with fiber cable to each premise. It will enable more than 700 subscribers to initially have up to five Megabytes both up and down for high speed broadband service. Voice services will be improved, and high speed broadband will enable increased access to streaming video over the internet, data sharing and business opportunities.

The Distance Learning and Telemedicine Program (DLT) is designed specifically to meet the educational and health care needs of rural America communities such as those in Nebraska. Through loans, grants and loan/grant combinations, advanced telecommunications technologies provide enhanced learning and health care opportunities for rural residents.

PROGRAM HIGHLIGHTS...

- Distance Learning Grants Include:
ESU #1-Wakefield-\$193,344
ESU #2-Fremont-\$145,290
ESU #8-Neligh-\$213,070
ESU#10-Kearney-\$494,011
ESU#13-Scottsbluff-\$172,958
- Telemedicine Grants Include:
Faith Regional Health Services-Norfolk-\$152,672
Board of Regents of the University of Nebraska-Omaha-\$96,161

Telecommunications Infrastructure Loan	\$10,280,000
Distance Learning and Telemedicine Grants	\$ 1,467,506
Total Telecommunications:.....	\$11,747,506

Quality Water Restored to Rural Nebraska Community

USDA Rural Utilities Service Administrator Jonathan Adelstein, USDA Rural Development Nebraska State Director Maxine Moul and staff celebrated Earth Day with the residents of Bayard. Bayard received USDA financing of more than \$4.8 million for a water improvement project that will serve the 1,247 rural residents of the City. Special recognition was given to those who were instrumental to the project as they each signed a segment of water pipe. USDA Rural Development provided a \$3,000,000 loan and \$1,613,000 grant through its Water and Environmental Program leveraged with \$200,000 from the Nebraska State Revolving Fund. The improvements will bring the water system into compliance with the Safe Drinking Water Act regulations.



USDA Rural Utilities Service Administrator Jonathan Adelstein (third from left) and those instrumental to the Bayard water project signed a segment of water pipe in honor of Earth Day.

New Library Brings Greater Services



Human chain moves books from old library to new library.

USDA Rural Development Nebraska State Director Maxine Moul and staff joined the City of Pawnee City for a ribbon cutting to celebrate the grand opening of the nearly \$890,000 Pawnee City Public Library.

The new library, consisting of 6,500 square feet, serves more than 1,000 rural residents. Amenities include adult/children reading areas, a modern circulation desk, a mechanical area and needed storage areas. Funding allowed the library to purchase new technological equipment such as computers and scanners, providing the community access to updated equipment plus internet. The library purchased all new shelving units, desks, chairs and tables to completely furnish the facility. A meeting room with a separate entryway from the library is available to the public for use after hours.

The Pawnee City Public Library Foundation utilized an American Recovery and Reinvestment Act (ARRA) Rural Development Community Facility Direct Loan of \$160,000 and a \$172,000 ARRA Grant to assist in purchasing the land that is home to the new library. Funding also was used for associated construction costs, costs for plans and design, construction engineering, and legal fees. Leveraged funds of \$203,000 from the Foundation and \$350,000 in the form of a Community Development Block Grant completed the funding package.



Nebraska State Director Maxine Moul celebrates the grand opening of the Pawnee City Public Library.

Business and Cooperative Programs

USDA Rural Development, through its Business and Cooperative Programs, provides business and economic development opportunities for rural Nebraska residents.

Program opportunities include partnerships with lenders, assistance to improve energy efficiency or renewable energy, funds for energy feasibility studies as well as planning grants and working capital for value added producers. Program funds provide access to technical assistance and training, business incubators, industrial sites, revolving loan funds, and strategic planning assistance.

Financial and educational opportunities for rural Nebraska residents create, expand and save businesses and promote communities both locally and regionally. Businesses in rural Nebraska can compete beyond Main Street to national and international markets.

Business and Industry Guaranteed Loan	\$17,188,999
9007 Guaranteed Loan 1% Energy Efficiency Improvement	\$20,900
Energy Efficiency Improvement Grant	\$750,361
Renewable Energy Systems Grant	\$455,132
9007 Feasibility Study Grant	\$88,502
Advanced Biofuel Payment Program	\$5,322,685
Rural Business Enterprise Grant	\$534,008
Rural Business Enterprise Grant Native American Earmark	\$294,169
Rural Business Opportunity Grant	\$100,000
Intermediary Relending Program	\$900,000
Rural Economic Development Loan	\$740,000
Rural Cooperative Development Grant	\$224,995
Total Business Programs:	\$26,619,751

PROGRAM HIGHLIGHTS...

- Eight businesses received funding totaling \$17.2 million to assist in business development activities, construction, expansion and refinancing.
- Financial assistance totaling \$1.2 million* was provided for purchasing and installing renewable energy systems or making energy efficiency improvements for 86 Ag producers and rural small businesses.
** Includes \$428,635 in grant funding to support the installation of eight flexible fuel pumps, a new energy initiative for the Agency.*
- Expanding production of Advanced Biofuels in Nebraska was supported by \$5.3 million in payments to four eligible Advanced Biofuel Producers. The funds promote sustainable economic development in rural America and provide economic incentives for increased production of advanced biofuel and use.
- Two intermediaries received \$900,000 in relending funds to provide loans to ultimate recipients for establishment and expansion of businesses, creating and/or saving jobs.

Durga Hospitality, LLC - Chadron, Nebraska



Business and Industry Loan Guarantee - A \$750,000 loan guarantee will be used to transfer ownership of the Motel 6; this project will retain one job and create five jobs in a rural community of 5,634 residents. Additional funding for this project includes \$204,000 for a total project cost of \$954,000.

Sherman County Economic Development Corporation (SCEDC) - Loup City, Nebraska

Intermediary Relending Program (IRP) Loan - SCEDC will receive \$150,000 to establish a revolving loan fund for business and community development. The primary goal will be to increase the availability of business capital for Sherman County. Fifty percent of the IRP funds will be targeted to women as an underrepresented group. Sherman County will contribute \$22,500 to the revolving loan fund. It is anticipated six new jobs will be created.



Three River Telco - Lynch, Nebraska



Rural Economic Development Loan - This project will allow Three River Telco to obtain \$740,000 direct loan funds at zero percent for 10 years. It will then relend to Brown County Hospital at zero percent interest for the same 10 year period for a new multi-slice CT Scanner and a building addition to house

the new scanner. Leveraged funding of \$313,500 will be contributed to the project which will create two part-time jobs. Medical care will be improved for the many rural residents of Brown, Blaine, Cherry, Keya Paha and Rock counties served by this hospital.

City of South Sioux City - South Sioux City, Nebraska

Rural Business Enterprise Grant (RBEG) - South Sioux City will use \$98,448 in RBEG funds which will be leveraged with an additional \$97,105. The City will develop a new small business project in the All America Subdivision, offering key infrastructure to provide more shovel ready sites for potential small business. It is expected the All American Subdivision will potentially create 120 new jobs.



Housing Programs

Single Family Housing Programs provide homeownership opportunities to low- and moderate-income rural Nebraskans through several loan, grant, and loan guarantee programs. The programs also make funding available to individuals to finance vital improvements necessary to make their homes decent, safe, and sanitary.

Multi-Family Housing Programs offer rural rental housing loans to provide affordable multi-family rental housing for very low-, low-, and moderate-income families, the elderly, and persons with disabilities. Rental assistance is available to eligible families. Farm labor housing is also provided through a special loan program.

PROGRAM HIGHLIGHTS...

- The direct and guaranteed housing loan programs brought homeownership to 1,254 households through \$115.4 million in USDA Rural Development funding.
- Essential repairs to rural owner-occupied homes were provided to 83 homeowners by financing of \$446,996.
- Rural Development provided affordable rent to 2,593 tenants of Rural Development multi-family rural rental housing complexes through \$5.8 million in funding.

Guaranteed Home Ownership Loan	\$ 105,898,800
Direct Home Ownership Loan	\$9,467,243
Rural Home Repair Loan	\$144,626
Rural Home Repair Grant	\$302,370
Housing Preservation Grant	\$58,702
Rural Rental Housing Voucher Demonstration	\$138,082
Rural Rental Assistance	\$5,840,448
Total Housing Programs:	\$121,850,271

Partnering, Revitalizing, Building for a Dream Home

Katie Bowens and her family had been renting an apartment for five years. They wanted a chance to have a home of their own. The Norfolk Housing Agency (NHA) directed Katie to USDA Rural Development in an on-going partnership effort.



The Bowen's new home.



Katie and family enjoy play time in their home.

The City of Norfolk, acting through NHA, notified USDA Rural Development of a Community Revitalization program they were working on and thought Katie would be a perfect fit. The City had received funding from the Nebraska Department of Economic Development (DED) in 2007 and 2008. These grants, written and administered by the Northeast Nebraska

Economic Development District (NENEDD), are available to demolish dilapidated properties within the city limits. They also allow funds to be allocated to low-to-moderate income families in the form of construction subsidies and down payment assistance.

USDA Rural Development provided 100 percent financing through the Single Family Housing Direct loan program to help put this family in a newly built home for less than \$100,000.

Without the partnering, Katie would not have been able to purchase her 1,056 square foot, three bedroom dream home. The partnering generated benefits beyond that of homeownership. This process helped to clean up and revitalize a neighborhood by demolishing a dilapidated property and replacing it with a nice, new home built by a local contractor. The demolition and building process helped generate local business and employment.

Bell Street Apartments Opens Its Doors in Beatrice, Nebraska

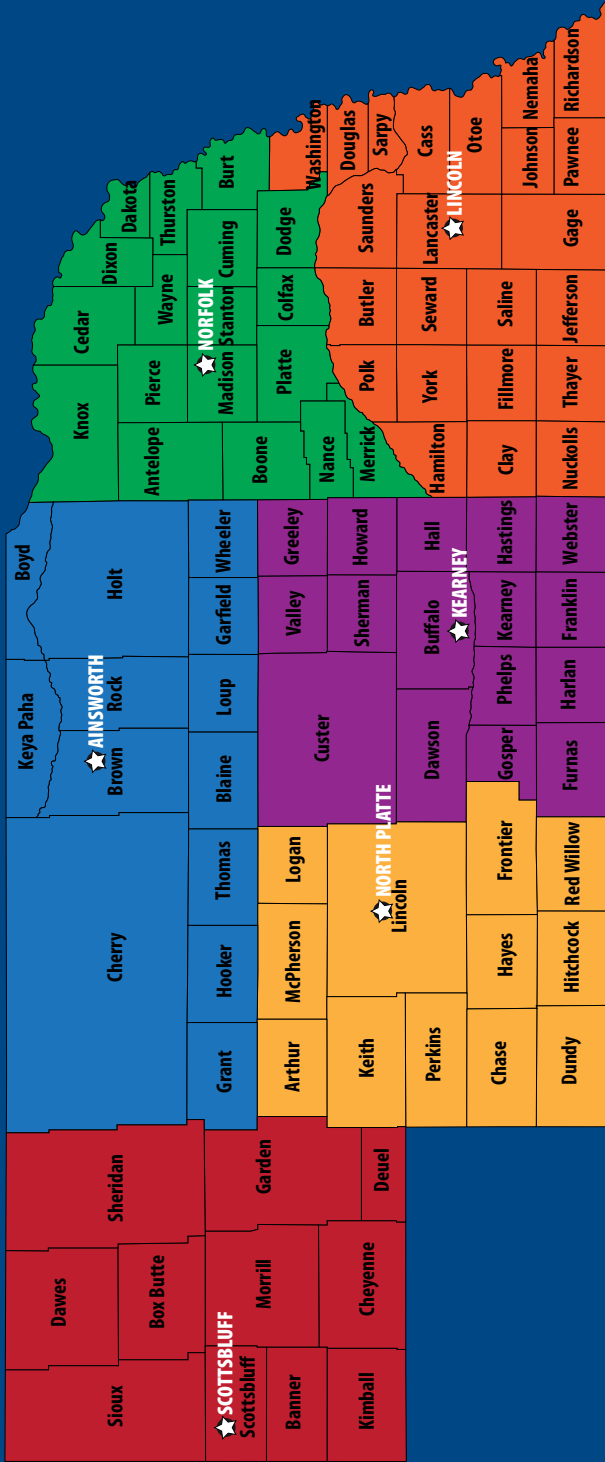
The ribbon was cut and the official open house took place on June 23, 2011 for Bell Street Apartments in Beatrice, Nebraska, the first group home financed by Rural Development in the state.

Bell Street Apartments provides independent living that features five duplexes that offer 10 units of 715 sq. ft. one bedroom affordable living. The residents have a community room and laundry facilities available to them. Eight of the 10 units have rent subsidy to assist those tenants with very-low and low-incomes. Bell Street Apartments LLC is the owner with management provided by Crown Pointe Management. Blue Valley Behavioral Health and Region V Systems provides direct support services to the tenants through their caseworkers.

Funding partners are USDA Rural Development through a Direct Rural Rental Housing Loan of \$562,223, Nebraska Department of Economic Development Nebraska Affordable Housing Trust funds of \$304,392, Federal Home Loan Bank at \$69,000 sponsored by Thayer County Bank and Region V Systems at \$105,000. The total project cost is \$1,040,615.



Bell Street Apartments has finished five duplexes in Beatrice.



Maxine Moul, State Director

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